

2006

Montana Individual Income Tax Return

Form 2

For the year Jan 1 – Dec 31, 2006 or the tax year beginning 0005, 2005, ending 0010, 20

Montana

Amended Return	Your first name and initial 0070.01 0070.2		Last name 0060.1 0060.2		Deceased 1155	Your social security number 0003	
Check the box above if this is an amended return.	Spouse's first name and initial 0070.3 0070.4		Last name 0065.1 0065.2		Deceased 1160	Spouse's social security number 0055	
	Home address (number and street) 0075 0080				City 0085	State 0095	Zip+4 0100
Filing Status	1	Single	3b	Married filing separately on separate forms. Spouse's SSN. 0810			
0015	2	Married filing jointly	3c	Married filing separately and spouse not filing. Spouse's SSN. 0815			
	3a	Married filing separately on the same form	4	Head of household			
Residency Status (check only one box) 0020							
5a	<input type="checkbox"/> Resident full year	5b	<input type="checkbox"/> Nonresident full year	5c	<input type="checkbox"/> Resident part-year	Date of change: State moved to: 0025 0030	State moved from: 0035

Exemptions

					Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)	
6a	<input checked="" type="checkbox"/> Yourself... 0040...	<input type="checkbox"/> 65 or older 0045	<input type="checkbox"/> Blind 0050	Enter number checked	0055	6a	
6b	<input type="checkbox"/> Spouse... 0060...	<input type="checkbox"/> 65 or older 0065	<input type="checkbox"/> Blind 0070	Enter number checked	0075	6b	
6c	Dependent's first name	Last name	SSN	Relationship	Disabled		
	0105	0110	0115	0120	0125		
	0130	0135	0140	0145	0150		
	0155	0160	0165	0170	0175		
	0180	0185	0190	0195	0200		
					0080	0095	
6d	If additional dependents, see instructions. Add lines 6a thru 6c and enter total exemptions here.					0085	0100

Enter amounts corresponding to your federal return.				Round to nearest dollar. If no entry, leave blank.			
Federal Income	7	Wages, salaries, tips, etc. Attach federal Form(s) W-2.....	7	0355	0830	7	
	8a	Taxable interest. Attach federal Schedule B if required.....	8a	0360	0835	8a	
	b	Tax-exempt interest. Do not include on line 8a. 8b A: 0365 B: 0840	8b				
	9a	Ordinary dividends. Attach federal Schedule B if required.....	9a	0370	0845	9a	
	b	Qualified dividends..... 9b A: 0375 B: 0850	9b				
	10	Taxable refunds, credits, or offsets of state and local income taxes.....	10	0380	0855	10	
	11	Alimony received.....	11	0385	0860	11	
	12	Business income or (loss). Attach federal Schedule C or C-EZ NAICS:0390	12	0395	0865	12	
	13	Capital gain or (loss). Attach federal Schedule D if required.....	13	0400	0870	13	
	14	Other gains or (losses). Attach federal Schedule 4797.....	14	0405	0875	14	
	15a	IRA distributions..... 15a A: 0410 B: 0880 Taxable amount...	15b	0415	0885	15b	
	16a	Pensions and annuities.. 16a A: 0420 B: 0890 Taxable amount...	16b	0425	0895	16b	
	17	Rental real estate, royalties, partnerships, S. corporations, trust. Attach federal Sch. E.....	17	0430	0900	17	
	18	Farm income or (loss). Attach federal Schedule F.....	18	0435	0905	18	
19	Unemployment compensation.....	19	0440	0910	19		
20a	Social security benefits 20a A: 0445 B: 0915 Taxable amount...	20b	0450	0920	20b		
21	Other income. List type and amount. 0455	21	0460	0925	21		
22	Add the amounts in the far right columns for lines 7 thru 21. This is your total income.....	22	0465	0930	22		
Federal Adjusted Gross Income	23	Archer MSA deduction. Attach federal Form 8853.....	23	0470	0935	23	
	24	Certain business expenses or reservist, etc. Attach Schedule 2106 or 2106EZ....	24	0475	0940	24	
	25	Health savings account deduction. Attach federal Form 8889.....	25	0480	0945	25	
	26	Moving expenses. Attach federal Form 3903.....	26	0485	0950	26	
	27	One-half of self-employment tax. Attach federal Schedule SE.....	27	0490	0955	27	
	28	Self-employed SEP, SIMPLE, and qualified plans.....	28	0495	0960	28	
	29	Self-employed health insurance deduction.....	29	0500	0965	29	
	30	Penalty on early withdrawal of savings.....	30	0505	0970	30	
	31a	Alimony paid..... 31b. Recipient's SSN. A: 0510 B: 0975	31a	0515	0980	31a	
	32	IRA deduction.....	32	0520	0985	32	
33	Student loan interest deduction.....	33	0525	0990	33		
34	Jury duty pay you gave to your employer.....	34	0530	0995	34		
35	Domestic production activities deduction. Attach federal Form 8903.....	35	0535	1000	35		
36	Add lines 23 through 31a and 32 through 35 and enter the result here.....	36	0540	1005	36		
37	Subtract line 36 from line 22 and enter result here.....	37	0545	1010	37		
37a	Combine amounts on line 37 columns A and B and enter result here. This is your federal adjusted gross income.			0550	37a		
Montana AGI	38	Enter Montana additions to federal AGI from Form 2, page 3, Schedule I, line 17. Attach Form 2, page 3, Schedule I.....	38	0555	1015	38	
	39	Enter Montana subtractions from federal AGI from Form 2, page 4, Schedule II, line 34. Attach Form 2, page 4, Schedule II.....	39	0560	1020	39	
	40	Add lines 37 and 38, then subtract line 39. This is your Montana adjusted gross income.....	40	0565	1025	40	

Taxable Income	41	Montana adjusted gross income from line 40.....	41	0570	1030	41						
	Deductions											
	Check only one											
	42	(A) Standard Deduction	(A) 0575									
	42	(B) Itemized Deductions (from Form 2, Schedule III, line 32....)	(B) 0580		0585	1035						
	43	Subtract line 42 from line 41 and enter the result here.....	43	0590	1040	43						
Exemptions (all individuals are entitled to at least one exemption)												
	44	Multiply \$1,980 by the number of exemptions on line 6d and enter result here..	44	0595	1045	44						
	45	Subtract line 44 from line 43 and enter the result here. If zero or less, enter zero. This is your taxable income.	45	0600	1050	45						
Tax	46	Tax from the tax table on page ???. If line 45 is zero, enter zero.....	46	0605	1055	46						
	47	1% capital gains tax credit.....	47	0610	1060	47						
	48	Subtract line 47 from line 46 and enter the result here, but not less than zero.	48	0615	1065	48						
	48a	Non-resident, part-year resident tax after capital gains tax credit. Enter here the amount from Form 2, Schedule IV, line 21, but not less than zero....	48a	0620	1070	48a						
	49	Tax on lump-sum distributions. See instructions. Attach federal Form 4972....	49	0625	1075	49						
	50	Add lines 48 or 48a and 49 and enter the result here. This is your total tax.	50	0630	1080	50						
Credits	51	Nonrefundable single-year credits from Form 2, Schedule V, line 13.....	51	0635	1085	51						
	52	Nonrefundable carryover credits from Form 2, Schedule V, line 26.....	52	0640	1090	52						
	53	Add lines 51 and 52 and enter the result here but do not enter an amount larger than the amount on line 50. This is your total nonrefundable credits	53	0645	1095	53						
Other Taxes	54	Family education savings account recapture tax.....	54	0650	1100	54						
	55	Endowment credit recapture tax.....	55	0655	1105	55						
	56	Rural physician's credit recapture tax.....	56	0660	1110	56						
	57	Add lines 54 through 56 and enter result here. This is your total other taxes.	57	0665	1115	57						
Tax Liability	58	Add lines 50 and 57 and then subtract from this total the amount on line 53 and enter the result here. This is your 2006 tax liability.	58	0670	1120	58						
	59	Combine the amounts on line 58 columns A and B and enter the result here. This is your combined 2006 tax liability.	59		0675	59						
Payments and Refundable Credits	60	Montana income tax withheld. Attach federal Form(s) W-2 and 1099.....	60	0680	1125	60						
	61	2006 estimated tax payments and amount applied from your 2005 return.....	61	0685	1130	61						
	62	2006 extension payments from Form EXT-06.....	62	0690	1135	62						
	63	Refundable credits from Form 2, Schedule V, line 31.....	63	0695	1140	63						
	64	Add lines 60 through 63 and enter the result here. This is your total payments, and refundable credits.	64	0700	1145	64						
	65	Combine amounts on line 64 columns A and B. This is your combined payments and refundable credits.	65		0705	65						
Penalties, Interest and Contribution	66	Interest on underpayment of estimated taxes. (See instructions and worksheet on page ??).....	66		0710	66						
	67	Late file, late pay penalties and interest. (See instructions and worksheet on page ??).....	67		0715	67						
	68	Other penalties. (See instructions on page ??).....	68		0720	68						
	69	Enter in boxes 69a through 69d your Voluntary Check-off Contributions										
		<table border="1"> <thead> <tr> <th>Nongame wildlife program</th> <th>Child abuse prevention</th> <th>Agriculture in schools</th> <th>End-stage renal disease</th> </tr> </thead> <tbody> <tr> <td>69a) 0725</td> <td>69b) 0730</td> <td>69c) 0735</td> <td>69d) 0740</td> </tr> </tbody> </table>	Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease	69a) 0725	69b) 0730	69c) 0735	69d) 0740	Enter the sum of 69a through 69d here	0745
Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease									
69a) 0725	69b) 0730	69c) 0735	69d) 0740									
	70	Add the amounts on line 59, 66, 67, 68 and 69 and enter the result here. This is the sum of your total tax, penalties, interest and contributions.	70		0750	70						
Amount You Owe or Your Refund	71	If line 70 is more than line 65, enter the difference here. This is the amount you owe. Make check payable to MONTANA DEPARTMENT OF REVENUE or visit our website at www.mt.gov/revenue to pay by credit card or E-check.....	71		0755	71						
	72	If line 70 is less than line 65, enter the difference here.....	72		0760	72						
	73	Enter the amount on line 72 that you want applied to your 2007 estimated tax.....	73		0765	73						
	74	Subtract line 73 from line 72 and enter the amount here. This is your refund.	74		0770	74						
If you wish to use direct deposit enter your RTN# and ACCT# below. See instructions.				0040 checking								
RTN	0030	ACCT#	0035	0048 savings								

If applicable, check appropriate box.

2/3rd farming gross income

0775

Annualized estimated payments

0780

Do not mail 2007 forms

0785

Name, address and telephone number of paid preparer.

SSN, FEIN or PTIN: 0790 0795 0800 0805

Extension – Check this box and attach a copy of your federal Form 4868 to receive your Montana extension.

May the DOR discuss this return with your tax preparer? Yes No

1150

Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.

X

0115

X

Your signature is required

Date

Daytime telephone number

Spouse's signature

Date

Schedule I: Montana Additions to Federal Adjusted Gross Income Enter on the corresponding line your additions to federal adjusted gross income. File Schedule I with your Montana Form 2.		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)	
1	Interest and mutual fund dividends from state, county, or municipal bonds from other states..... 1	0005	0200	1
2	Dividends not included in federal adjusted gross income..... 2	0010	0205	2
3	Taxable federal refunds. Complete Worksheet ?? on page ?? 3	0015	0210	3
4	Other recoveries of amounts deducted in earlier years that reduced Montana taxable income. Complete Worksheet ?? on page ?? 4	0020	0215	4
5	Addition to federal taxable social security/railroad retirement. Complete Worksheet ?? on page ?? 5	0025	0220	5
6	Additions for spouse filing joint federal return.			
6a	Passive and rental income or loss adjustment..... 6a	0030	0225	6a
6b	Capital loss adjustment..... 6b	0035	0230	6b
6c	IRA deduction adjustment. Complete Worksheet ?? on page ?? 6c	0040	0235	6c
6d	Student loan interest adjustment..... 6d	0045	0240	6d
7	Sole proprietor's allocation of compensation to spouse..... 7	0050	0245	7
8	Medical care savings account nonqualified withdrawals..... 8	0055	0250	8
9	First-time home buyer savings account nonqualified withdrawals..... 9	0060	0255	9
10	Farm and ranch risk management account taxable distributions..... 10	0065	0260	10
11	Addition for dependent care assistance credit adjustment..... 11	0070	0265	11
12	Addition for smaller federal estate and trust taxable distributions..... 12	0075	0270	12
13	Federal net operating loss carryover reported on Form 2, line 21..... 13	0080	0275	13
14	Share of federal income taxes paid by your S. corporation..... 14	0085	0280	14
15	Title plant depreciation and amortization..... 15	0090	0285	15
16	Other additions. Specify: 0100 16	0095	0290	16
17	Add lines 1 through 16. Enter total here and on Form 2, line 38. This is your total Montana additions to federal adjusted gross income. 17	0105	0295	17

For Returns With Payments

Mail To:
Montana Department of Revenue
PO. Box 6308
Helena, MT 59604-6308

For All Other Returns

Mail To:
Montana Department of Revenue
PO. Box 6577
Helena, MT 59604-6577

Schedule II: Montana Subtractions from Federal Adjusted Gross Income Enter on the corresponding line your subtractions from federal adjusted gross income. File Schedule II with your Montana Form 2.		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)	
1	Exempt interest and dividends from federal bonds, notes, and obligations..	0005	0200	1
2	Exempt tribal income.....	0010	0205	2
3	Exempt unemployment compensation.....	0015	0210	3
4	Exempt workers' compensation benefits.....	0020	0215	4
5	Exempt capital gains and dividends from small business investment companies.....	0025	0220	5
6	State tax refunds included in Montana Form 2, line 10.....	0030	0225	6
7	Recoveries of amounts deducted in earlier years that did not reduce Montana income.....	0035	0230	7
8	Exempt military salary of residents on active duty.....	0040	0235	8
9	Exempt income of nonresident military servicepersons and spouses.....	0045	0240	9
10	Exempt life-insurance premiums reimbursement for National Guard and Reservist.....	0050	0245	10
11	Partial pension and annuity income exemption. Report Tier II Railroad Retirement on line 23 below.....	0055	0250	11
12	Partial interest exemption from taxpayers 65 and older.....	0060	0255	12
13	Partial retirement disability income exemption for taxpayers under age 65..	0065	0260	13
14	Exemption for certain taxed tips and gratuities.....	0070	0265	14
15	Exemption for certain income of child taxed to parent.....	0075	0270	15
16	Exemption for certain health insurance premiums taxed to employee.....	0080	0275	16
17	Exemption for student loan repayments taxed to health care professional...	0085	0280	17
18	Exempt medical care savings account deposits and earnings.....	0090	0285	18
19	Exempt first-time home buyer savings account deposits and earnings.....	0095	0290	19
20	Exempt family education savings account deposits and earnings.....	0100	0295	20
21	Exempt farm and ranch risk management account deposits.....	0105	0300	21
22	Subtraction to federal taxable social security/Tier I Railroad Retirement reported on Form 2, line 20b.....	0110	0305	23
23	Subtraction for federal taxable Tier II Railroad Retirement benefits reported on Form 2, line 16b.....	0115	0310	23
24	Subtractions for spouse filing joint federal return.			
24a	Passive loss carryover exclusion.....	0120	0315	24a
24b	IRA deduction adjustment.....	0125	0320	24b
24c	Capital loss adjustment.....	0130	0325	24c
25	Subtraction of sole proprietor for allocation of compensation to spouse.....	0135	0330	25
26	Montana net operating loss carry over from Montana Form NOL, Schedule B.....	0140	0335	26
27	40% capital gain exclusion for pre-1987 installment sales.....	0145	0340	27
28	Subtraction for business related expenses for purchasing recycled material.....	0150	0345	28
29	Subtraction for sales of land to beginning farmers.....	0155	0350	29
30	Subtraction for larger federal estate and trust taxable distribution.....	0160	0355	30
31	Subtraction for wage deduction reduced by federal targeted jobs credit.....	0165	0360	31
32	Subtraction for certain gains recognized by liquidating corporation.....	0170	0365	32
33	Other subtractions. Specify: 0180	0175	0370	33
34	Add lines 1 through 33, enter total here and on Form 2, line 39. This is your total Montana subtractions from federal adjusted gross income..	0185	0375	34

Schedule III: Montana Itemized Deductions
Enter on the corresponding line your itemized deductions.
File Schedule III with your Montana Form 2.

Column A (for single,
joint, separate or head
of household)

Column B (for spouse
when filing separately
using filing status 3a)

1	Medical and dental expenses.....	1	A: 0005	B: 0250	1		
2	Enter amount from Form 2, line 40.....	2	A: 0010	B: 0255	2		
3	Multiply line 2 by .075 (7.5%).....	3	A: 0015	B: 0260	3		
4	Subtract line 3 from line 1 and enter result here but not less than zero, This is your deductible medical and dental expense subject to 7.5% of Montana AGI	4			4	0020	0265
5	Medical insurance premiums not deducted elsewhere on your return.....	5			5	0025	0270
6	Long term care insurance premiums not deducted elsewhere on your return.....	6			6	0030	0275
Complete lines 7a through 7d reporting your total federal income tax payments made in 2006 before completing line 7e. You cannot deduct your self-employment taxes paid on lines 7a through 7d.							
7a	Federal income tax withheld in 2006.....	7a	A: 0035	B: 0280	7a		
7b	Federal estimated tax payments paid in 2006.....	7b	A: 0040	B: 0285	7b		
7c	2005 federal income taxes paid in 2006..	7c	A: 0045	B: 0290	7c		
7d	Other back year federal income taxes paid in 2006.....	7d	A: 0050	B: 0295	7d		
7e	Add lines 7a through 7d and enter result here, but not more than \$5,000 if you are filing single, married filing separately, or head of household, or \$10,000 if filing a joint return with your spouse. This is your federal income tax deduction	7e			7e	0055	0300
8	Local income taxes paid in 2006. See instruction on page ??.....	8			8	0060	0305
9	Real estate taxes paid in 2006.....	9			9	0065	0310
10	Personal property taxes paid in 2006.....	10			10	0070	0315
11	Other deductible taxes. List type and amount: 0185	11			11	0075	0320
12	Home mortgage interest and points reported to you on federal Form 1098.....	12			12	0080	0325
13	Home mortgage interest not reported to you on federal Form 1098. If paid to the person from whom you bought the house, provide name, SSN, and address. 0190	13			13	0085	0330
14	Points not reported to you on federal Form 1098.....	14			14	0090	0335
15	Investment interest, Attach federal Form 4952.....	15			15	0095	0340
16	Contributions made by cash or check during 2006.....	16			16	0100	0345
17	Contributions made other than by cash or check.....	17			17	0105	0350
18	Contribution carryover from the prior year.....	18			18	0110	0355
19	Child and dependent care expenses. Attach Montana Form 2441M.....	19			19	0115	0360
20	Casualty and theft loss(es). Attach federal Form 4684.....	20			20	0120	0365
21	Unreimbursed employee business expenses. Attach federal Form 2106 or 2106EZ.....	21	A: 0125	B: 0370	21		
22	Other expenses. List type and amount: 0195	22	A: 0130	B: 0375	22		
23	Add lines 21 and 22.....	23	A: 0135	B: 0380	23		
24	Enter the amount on Form 2, line 40.....	24	A: 0140	B: 0385	24		
25	Multiply line 24 by .02 (2%).....	25	A: 0145	B: 0390	25		
26	Subtract line 25 from line 23 and enter the result here, but not less than zero.....	26			26	0150	0395
27	Political contributions (limited to \$100 per taxpayer).....	27			27	0155	0400
28	Other miscellaneous deductions not subject to 2% of Montana AGI. List type and amount: 0200	28			28	0160	0405
29	Gambling losses allowed under federal law.....	29			29	0165	0410
30	Add lines 4 through 6; 7e through 20; and 26 through 29 and enter result here.....	30			30	0170	0415
If the amount on Form 2, line 40 is more than \$150,500, or more than \$75,250 if married filing separately, your deductions may be limited. Complete the itemized deduction Worksheet VI on page ?? of the Form 2 instruction booklet and then continue to line 31; otherwise, go to line 32 below.							
31	Enter the amount from the itemized deduction Worksheet VI, line 9. This is the amount of your non-allowed itemized deductions	31			31	0175	0420
32	Subtract line 31 from line 30 and enter the result here and on Form 2, line 42. This is the amount of your allowable itemized deductions	32			32	0180	0425

Schedule IV: Non-resident/Part-year Resident Tax File Schedule IV with your Montana Form 2.		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)
Enter on lines 1 through 15 your Montana source income that is included in Montana adjusted gross income on Form 2, lines 7 through 21 and line 38.			
1	Montana wages, salaries, tips, etc. included on Form 2, line 7.....	0005	0150
2	Montana taxable interest included on Form 2, line 8a.....	0010	0155
3	Montana ordinary dividends included on Form 2, line 9a.....	0015	0160
4	Montana taxable refunds, credits, or offsets of state and local income taxes included on Form 2, line 10.....	0020	0165
5	Montana alimony received included on Form 2, line 11.....	0025	0170
6	Business income or (loss) included on Form 2, line 12.....	0030	0175
7	Capital gain or (loss) included on Form 2, line 13.....	0035	0180
8	Other gains or (losses) included on Form 2, line 14.....	0040	0185
9	Taxable IRA distribution included on Form 2, line 15b.....	0045	0190
10	Taxable pension and annuities included on Form 2, line 16b.....	0050	0195
11	Rental real estate, royalties, partnerships, S. corporations, trust, etc. included on Form 2, line 17.....	0055	0200
12	Farm income or (loss) included on Form 2, line 18.....	0060	0205
13	Taxable social security benefits included on Form 2, line 20b.....	0065	0210
14	Other income included on Form 2, line 21.....	0070	0215
15	Montana source additions to income reported on Form 2, Schedule I.....	0075	0220
16	Add lines 1 through 15 and enter result here. This is your Montana source income.	0080	0225
17	Add your total federal income from Form 2, line 22 and your Montana additions to federal adjusted gross income from line 38 and enter the result here. (If you are a non-resident military service person and spouse, skip line 17 and go to line 18). This is your total income from all sources. Skip line 18 and go to line 19).....	0085	0230
18	Non-resident military service persons and spouses only: Add from Form 2, lines 22 and 38, then subtract from this sum your exempt income reported on Form 2, Schedule II, line 9 and enter the result here. This is your total income from all sources.	0090	0235
19	Divide the amount on line 16 by the amount on line 17 (line 18 if you are a non-resident military service person and spouse) and enter the result here. Carry to 4 decimal places and do not enter more than 1.0000.....	0095	0240
20	Enter your resident tax after capital gains tax credit from Form 2, line 48.....	0100	0245
21	Multiply the tax on line 20 by the percentage on line 19 and enter the result here and on Form 2, line 48a. This is your non-resident, part-year resident tax after capital gains tax credit.	0105	0250

How do I determine what qualifies as my Montana source income when I am a non-resident of Montana?

In general, as a non-resident of Montana your Montana source income is all the income that you receive for work that you perform in Montana, income that you receive from real or personal property that is located in Montana, and income that you receive from a business conducted in Montana.

How do I determine my Montana source income when I am a part-year resident of Montana?

As a part-year resident you are considered a resident for part of the year and a non-resident for the other part of the year.

In general, for the part of the year that you are a non-resident your Montana source income is all the income that you receive for work that you perform in Montana, income that you receive from real or personal property that is located in Montana, and

income that you receive from a business conducted in Montana.

For the part of the year that you are a resident, all of your income that you receive, no matter where you earn it, is Montana source income.

Where can I find further information on what is my Montana source income?

For further information and a line by line description of what Montana source income is, refer to pages ?? through ?? of the instruction booklet for Form 2, Schedule I.

Schedule V: Montana Tax Credits		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)
Enter on the corresponding line your Montana tax credits.			
File Schedule V with your Montana Form 2.			
Nonrefundable credits that are single-year credits and HAVE NO carryover provision			
1	Credit for an income tax liability paid to another state or country from Form 2, Schedules VI, line 10 or VII, line 10.....	0005	0200
2	College contribution credit. Attach Form CC.....	0010	0205
3	Qualified endowment credit. Attach Form QEC.....	0015	0210
4	Energy conservation installation credit. Attach Form ENRG-C.....	0020	0215
5	Alternative fuel credit. Attach Form AFCR.....	0025	0220
6	Rural physician's credit.....	0030	0225
7	Health insurance for uninsured Montanans credit. Attach Form HI.....	0035	0230
8	Elderly care credit. Attach Form ECC.....	0040	0235
9	Developmental disability account contribution credit.....	0045	0240
10	Recycle credit. Attach Form RCYL.....	0050	0245
11	Oil seed crushing and biodiesel production facility credit. Attach Form OSC.....	0055	0250
12	Biodiesel blending and storage tank credit and attach Form BBSC.....	0060	0255
13	Add lines 1 through 12 and enter result here and on Form 2, line 51. This is your total nonrefundable single-year credits.	0065	0260
Nonrefundable credits that HAVE a carryover provision			
14	Contractor's gross receipts tax credit	0070	0265
15	Geothermal systems credit. Attach Form ENRG-A.....	0075	0270
16	Alternative energy systems credit. Attach Form ENRG-B.....	0080	0275
17	Alternative energy production credit. Attach Form AEPC.....	0085	0280
18	Dependent care assistance credit. Attach Form DCAC.....	0090	0285
19	Historic property preservation credit. Attach federal Form 3468.....	0095	0290
20	Montana capital company credit.....	0100	0295
21	Infrastructure user's fee credit.....	0105	0300
22	Empowerment zone credit.....	0110	0305
23	Increasing research activities credit. Attach Form RSCH.....	0115	0310
24	Mineral exploration incentive credit. Attach Form MINE-CRED.....	0120	0315
25	Film employment production credit. Attach Form FPC. Report your credit on this line if you have made the one-time four year carry forward election.....	0125	0320
26	Add lines 14 through 25 and enter result here and on Form 2, line 52. This is your total nonrefundable carryover credits.	0130	0325
Refundable credits			
27	Elderly homeowner/renter credit. Attach Form 2EC.....	0135	0330
28	Film employment production credit. Attach Form FPC.....	0140	0335
29	Film qualified expenditure credit. Attach Form FPC.....	0145	0340
30	Insure Montana small business health insurance credit-Company's EIN.....	0150	0345
31	Add lines 27 through 30 and enter result here and on Form 2, line 63. This is your total refundable credits.	0155	0350

MONTANA TAX CREDITS

We have listed the 27 Montana tax credits available to you under three categories. With the exception to the capital gains tax credit, which is required to be applied before any other credit, (refer to the instructions for Form 2, line 47 for the capital gains tax credit) you are not required to apply any of these 27 tax credits against your income tax liability in any particular order.

- **Nonrefundable single-year credits.** Your nonrefundable single-year credits can only be used to offset your 2006 resident, non-resident, or part-year resident tax after capital gains credit and cannot reduce your tax liability below zero. The unused portion of your nonrefundable single-year credits that exceeded your 2006 income tax liability are lost and are unable to be used in future years.
- **Nonrefundable carryover credits.** Your nonrefundable carryover credits can be used to offset your 2006 resident, non-resident, or part-year resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess nonrefundable credits that were not applied against your 2006 income tax liability can be carried over and used to offset future year tax liabilities.
- **Refundable credits.** Your refundable credits are applied against your income tax liability with any unused credit refunded to you.

Instructions: You may claim a credit for an income tax liability paid to another state or country by yourself, your S. corporation or your partnership. If you claim this credit for an income tax paid by your S. corporation or partnership, you will need to include as an addition to federal adjusted gross income on Form 2, Schedule I, line 16 your share of the S. corporation's or partnership's deduction for income tax paid, whether separately or non-separately stated on your federal K-1.

NEW FOR TAX YEAR 2006: You are not entitled to a Montana tax credit for taxes paid to a foreign country if you claimed these foreign taxes paid as a foreign tax credit on your federal income tax return.

- Your credit is limited to an income tax liability paid on income that is also taxed by Montana.
- Your income taxes paid include excise taxes or franchise taxes that are imposed on and measured by the net income of your S. corporation or partnership.
- This is a nonrefundable credit and cannot reduce your Montana tax liability below zero.
- This is a nonrefundable single year credit. No unused credit amount can be carried forward.
- You will need to complete a separate Schedule VI or VII for each state or country that you have paid an income tax liability to. You can not combine payments on one schedule.
- If you are a part-year resident, you have to allocate your income using Form 2, Schedule IV before completing Form 2, Schedule VII.

Schedule VI: Credit for an Income Tax Liability Paid to Another State or Country. Full-year resident only.		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)	
1	Enter your income taxable to another state or country that is included in Montana adjusted gross income on Form 2, line 40. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S. corporation or partnership.....	0005	0055	1
2	Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country.....	0010	0060	2
3	Enter your total Montana adjusted gross income from Form 2, line 40. Where applicable, this includes your share of income taxes paid that are claimed as a deduction by your S. corporation or partnership.....	0015	0065	3
4	Enter your total income tax liability paid to the other state or country.....	0020	0070	4
5	Enter your Montana tax liability from Form 2, line 48	0025	0075	5
6	Divide line 1 by line 2. Enter the percentage here, but not more than 100%.....	0030	0080	6
7	Multiply line 4 by line 6 and enter the result here.....	0035	0085	7
8	Divide line 1 by line 3. Enter the percentage here, but not more than 100%.....	0040	0090	8
9	Multiply line 5 by line 8 and enter the result here.....	0045	0095	9
10	Enter here and on Form 2, Schedule V, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. This is your credit for an income tax paid to another state or country	0050	0100	10
Schedule VII: Credit for an Income Tax Liability Paid to Another State or Country. Part-year resident only.		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)	
1	Enter your income taxable to another state or country that is included in Montana source income on Form 2, Schedule IV, line 16, total Montana source income. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S. corporation or partnership.....	0005	0055	1
2	Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country.....	0010	0060	2
3	Enter your total Montana source income from Form 2, Schedule IV, line 16. Where applicable, this includes the share of income taxes paid that are claimed as a deduction by your S. corporation or partnership.....	0015	0065	3
4	Enter your total income tax liability paid to the other state or country.....	0020	0070	4
5	Enter your Montana tax liability from Form 2, line 48a.....	0025	0075	5
6	Divide line 1 by line 2. Enter the percentage here, but not more than 100%.....	0030	0080	6
7	Multiply line 4 by line 6 and enter the result here.....	0035	0085	7
8	Divide line 1 by line 3. Enter the percentage here, but not more than 100%.....	0040	0090	8
9	Multiply line 5 by line 8 and enter the result here.....	0045	0095	9
10	Enter here and on Form 2, Schedule V, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. This is your credit for an income tax paid to another state or country	0050	0100	10

Schedule VIII: Reporting of Special Transactions File Schedule VIII with your Montana Form 2	Transaction
<p>Complete Schedule VIII only if you and/or your spouse filed for federal income tax purposes any of the federal forms described below. Check the appropriate box indicating which form(s) you filed with your federal income tax return. If your answer is "yes" to one or more of these forms, you will need to attach a complete copy of your federal income tax return Form 1040.</p>	<p>Check "yes" if you are required to file any of the following forms with the Internal Revenue Service.</p>
<p>1 I filed federal Form 8264 – Application for Registration of a Tax Shelter with the Internal Revenue Service.</p> <p>Form 8264 is required to be filed to register a tax shelter.</p>	<p>1 0005 YES</p>
<p>2 I filed federal Form 8271 – Investor Reporting of Tax Shelter Registration Number with the Internal Revenue Service.</p> <p>Form 8271 is used to report the tax shelter registration number that the Internal Revenue Service assigns to certain tax shelters required to be registered under 26 USC 6111 and to report the name and identifying number of the tax shelter.</p>	<p>2 0010 YES</p>
<p>3 I filed federal Form 8824 – Like-Kind Exchanges with the Internal Revenue Service.</p> <p>NOTE: Check "yes" if your like-kind exchange includes Montana property. Non-residents do not have to report a like-kind exchange if the properties involved do not include Montana property.</p> <p>Form 8824 is used to report each exchange of business or investment property for property of a like kind.</p>	<p>3 0015 YES</p>
<p>4 I filed federal Form 8865 – Return of U.S. Persons With Respect to Certain Foreign Partnerships with the Internal Revenue Service.</p> <p>Form 8865 is used to report the information required under 26 USC 6038 (reporting with respect to controlled foreign partnerships), section 6038B (reporting of transfers to foreign partnerships), or section 6046A (reporting of acquisitions, dispositions, and changes in foreign partnership interest).</p>	<p>4 0020 YES</p>
<p>5 I am required to file federal Form 8886 – Reportable Transaction Disclosure Statement with the Internal Revenue Service.</p> <p>Form 8886 is used to disclose information for each reportable transaction in which you participated.</p>	<p>5 0025 YES</p>
<p>6 I filed federal Form 13656 – Notice of Election by Executive and Related Person to Participate in Announcement 2005-19 Settlement Initiative with the Internal Revenue Service.</p> <p>Form 13656 is an election to participate in the settlement initiative as described in Announcement 2005-19 and as contained in Internal Revenue Bulletin 2005-11 dated March 14, 2005.</p>	<p>6 0030 YES</p>
<p>7 I filed federal Form 13750 – Election to Participate in Announcement 2005-80 Settlement Initiative with the Internal Revenue Service.</p> <p>Form 13750 is an election to participate in the settlement initiative as described in Announcement 2005-80 and as contained in Internal Revenue Bulletin 2005-46 dated November 14, 2005.</p>	<p>7 0035 YES</p>